

8 Year-End Closing

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Chapter 8 Exhibits

Exhibit 8-1	List of Items to Consider for Recording on the Year-End Estimates
Exhibit 8-2	Guidelines to Determine Chargeable Fiscal Year
Exhibit 8-3	Accounting Adjustment (B2) Policy
Exhibit 8-4	Establishing New Accounting Code Instructions

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Year-End Closing

Introduction

Year-end procedures help to ensure all financial data are recorded in the Foundation Financial Information System (FFIS) in an efficient, timely, and accurate manner. This process provides APHIS with the opportunity to benefit from all available funding sources and to accurately report to Treasury on the use of these resources. This chapter will discuss the special requirements for the following:

- ◆ APHIS year-end closing,
- ◆ Recording obligations at fiscal year-end,
- ◆ Submitting year-end estimates and adjustments to ensure all obligations and reimbursements are recorded for the current and prior fiscal years,
- ◆ Recording revenue and reimbursements as estimated receivables at fiscal year-end, and
- ◆ Treasury year-end closing.

Year-End Closing

The authority to obligate funds expires on September 30th for APHIS' annual appropriations. APHIS has up to five years, after the year ends and obligation authority expires, to get the proper documents processed and make the stated adjustments to existing obligations.

New obligations CANNOT be created for a year in which obligation authority has expired. Once five years have passed, the Treasury cancels the expired annual account.

**Year-End Closing
(Continued)**

No more adjustments can be made against this account. Adjustments will be made against the current annual account. For example, if a payment against an obligation is not processed until after a year is canceled, the payment is made out of APHIS' current appropriation, thus reducing the Agency's current year availability. If a bill is not collected until after a year is canceled, APHIS cannot benefit from the money, it goes to the Treasury.

No-Year Treasury Symbols never close, but each year's transactions must retain their accounting integrity. The early attention APHIS financial managers give to closeout analysis can result in MILLIONS of dollars available to spend before the APHIS annual close each year. The penalty for lack of attention will be paid when valid obligations arise from a canceled year, and the payment must be made from the current appropriation.

**APHIS Year-End
Closing**

There are two year-end closeout periods. The APHIS closeout occurs with the review of the August and a majority of the September data. With FFIS, you are able to access data up to the day prior to pulling the reports, therefore reconciliation can be made daily and almost to the end of the accounting period for September. A correction can be made and viewed the next day on the accounting reports. Programs will have direct data entry access for about 2 days after September 30th, and then they will be locked out until about November 1st. Every effort will be made to reinstate programs data entry capacity as soon as possible each year. Therefore, this closeout is very important and must be completed properly. The closeout is accomplished by the program data entering their own adjustments and period end estimates into FFIS and carefully monitoring their monthly status of funds.

The actual adjustments must be included in the September accounting reports. It is very important for program units to know their account activity and submit accurate adjustments for prior as well as current year. It is recommended that programs treat each month-end as a year-end close and process overhead offsets, revenue, estimates, and accounting adjustments monthly.

**APHIS Year-End Closing
(Continued)**

Fund holders are responsible for providing required data to meet deadlines for annual accounting reports. The APHIS' year-end financial reports are submitted to the Treasury through the NFC. These reports certify that the amounts shown are correct, and that all known obligations are documented as required by 32 U.S.C. 1502. The Office of Management and Budget (OMB) and Congress use the obligation amount reported to the Treasury as the final official results in the budget documents. Every effort should be made to report all receipt and obligation activities in a timely manner to ensure the accuracy of financial and budgetary reports for current and prior years. Once APHIS reports year-end amounts on their Treasury reports, these amounts can only be changed in a subsequent years report.

Each year, the Marketing and Regulatory Program-Business Services (MRP-BS), Financial Management Division (FMD) issues end of year instructions to program units based on instructions from NFC and the Treasury. The deadlines mentioned in the following sections will change slightly from year to year.

End of Year Estimates (YE)

Fund holders should prepare and data enter YE documents into FFIS for items that will not be received by NFC or the Minneapolis Financial Service Branch (MFSB) in time to be included in the September monthly accounting reports. These items include APHIS 90's, Report of Reimbursable Services Rendered, not sent to MFSB by the deadline, obligations recorded in informal records or additional obligations which will be incurred by fiscal year end. The YE document must have a reversal period data entered or it will not reverse. The actual document will process and your financial reports will be overstated.

A complete outline of items to consider when preparing year-end estimates is found in Exhibit 8-1, List of Items to Consider for Completing a YE Estimate. Instructions for completing a YE document may be found in the FFIS training materials.

Contracts and Agreements

All contracts, agreements (including interagency), or other obligating documents approved and signed in the current fiscal year must be included in the accounting reports for that fiscal year. Following are some guidelines to ensure this:

**Contracts and
Agreements
(Continued)**

- ◆ Make all amendments or adjustments to contractual arrangements so that the accounting system reflects the correct balance remaining as an obligation. Following are some examples:
- ◆ Reduce obligations for the amount of refunds still due from cooperative agreements for the current year.
- ◆ Increase obligations for any additional amendments incurred during the current fiscal year.
- ◆ Decrease obligations if the amount to be expended for the current fiscal year will be less than the obligation recorded on the agreement.
- ◆ Arrange with the servicing procurement office to submit the revised current fiscal year obligating documents so that MFSB will receive them before October 1st.
- ◆ Phone or wire information to MFSB on any document which will not be received before the deadline.

**Unbilled
Reimbursements/
Revenue**

Interagency Agreements (Reimbursable) (Form AD-672) Where APHIS Provides Services. All offices and field stations having reimbursable agreements should prepare a memorandum listing estimated amounts of reimbursable services to be provided through September 30th of the current fiscal year. Include items that were not submitted to MFSB on Form APHIS 90, Report of Reimbursable Services Rendered. This information will be used for two purposes: to accurately reflect obligations in the accounting system and to aid in preparing elimination entries for the Office of Chief Financial Officer (OCFO).

Cooperative Service Agreements. All offices having cooperative service agreements should prepare a memorandum listing **estimated amounts of reimbursable services to be rendered through September 30th** of the current fiscal year. Include items that did not appear on the latest data available in FFIS.

**Unbilled
Reimbursements/
Revenue
(Continued)**

Smuggled/Illegally Imported Birds. All quarantine stations holding smuggled/illegally imported birds will prepare a memorandum **specifying the seizure number and estimated revenue accumulated through September 30th** of the current fiscal year for which an APHIS Form 90 has not been submitted to MFSB.

Animals in Quarantine and Pet Birds. All quarantine stations holding animals and pet birds in quarantine will prepare a memorandum **estimating revenue through September 30th** of the current fiscal year, where the cash collections have not been received and sent to MFSB for deposit.

Include the following in each memorandum:

- ◆ Name of the agency, company, or person to be billed,
- ◆ Period covered in the estimate,
- ◆ Agreement number or other authority,
- ◆ Accounting code to be credited, and
- ◆ Estimated amounts.

The memorandum must reach MFSB by October 1st.

ROT/Phyto/AQI. FMD will do a national estimate for reimbursable overtime APHIS Form 89's, Phytosanitary Certificates, and AQI fees.

VS User Fees. For manual and non-transmitted APHIS Form 81's, each field office needs to prepare an estimated receivable and data enter it into FFIS by September 30th.

**Accounting
Adjustments (B2)**

An accounting adjustment document, FFIS transaction code (B2) may be processed to transfer obligations from one accounting code or BOC to another. The Associate Chief Financial Officer for Financial Systems (ACFO-FS) has granted APHIS the authority to process these types of adjustments with many restrictions. FMD will be required to randomly review B2's.

Accounting Adjustments (B2) (Continued)

Descriptions on the B2 must be detailed, and backup information must be readily available for review purposes. A list of personnel able to enter B2 adjustments is maintained by FMD, and is part of the security profile of those users. A consistent review of B2's entered by personnel on this list will be performed. If it is determined that misuse of this document has taken place, your ability to process B2's will be revoked. A copy of the Accounting Adjustment (B2) policy and instructions can be found in Exhibit 8-3. Instructions with screen prints and more detail for completing a B2 adjustment can be found in the FFIS training materials.

Splitting Fiscal Year Charges for Travel and Payroll

Occasionally, travel and payroll payments span 2 fiscal years. Accurate financial and budgetary reports require that the charges be matched to the fiscal year in which they were incurred. This section provides instructions for preparing Form AD-616, Travel Voucher, and Form AD-321, T&A Reports. Fund holders must inform all travelers and T&A clerks of the appropriate code to use for each fiscal year.

- ◆ Taxi fares, mileage, or parking fees, should be charged to the fiscal year in which the expense is **actually incurred**.
- ◆ The entire amount of a round trip air, rail, or bus expense should be charged to the fiscal year in which the **travel begins**.
- ◆ Lodging costs and/or meals and incidental expenses should be charged to the fiscal year in which the expense is **actually incurred**.
- ◆ The entire amount of a commercial car rental for temporary duty travel should be charged to the fiscal year in which the **travel begins**.
- ◆ Relocation expenses should be charged to the fiscal year in which the **travel orders are issued**.

Preparation of a Time & Attendance (T&A) Report for a Pay Period Which Spans Two Fiscal Years. With the use of the PC-TARE or STAR, T&As have become much easier to process with a significant reduction in our error rate. When there is a year where a pay period spans two fiscal years, special instructions are clearly provided by NFC through their bulletin.

**Splitting Fiscal
Year Charges for
Travel and Payroll
(Continued)**

An example of such instructions is as follows: For those agencies that normally use stored accounting when completing a T&A, one of the options available for Pay Period 20 is to prepare a single T&A, entering 2 in the Accounting Data Usage Code field. When this option is used, 20 percent of Week 1 basic payroll costs will be charged to current fiscal year, 80 percent of Week 1 basic payroll costs will be charged to the next fiscal year, and 100 percent of premium pay will be charged to the next fiscal year. (Other options are provided in Title I, Chapter 21, Time and Attendance Reporting of the NFC Payroll/Personnel Manual, for agencies using stored accounting and also for agencies entering accounting on the T&A).

Because of the fiscal year-end conversion, code 1 cannot be entered in the Accounting Data Usage Code (AC) field to store accounting classification data in the employee's payroll/personnel data base record. You may resume using code 1 to store accounting classification data in pay period 21.

**Establishing New
Accounting Codes**

Establishment of accounting codes for the current or next fiscal year is managed by FMD. Each program/support unit is required to process their request through their program contact first. Authority to create accounting codes is limited to certain personnel in each program. This is to ensure that all information is completed, the proper data elements are in line with the FFIS structure, and that the accounting code falls in line with the program/support unit current structure. Instructions for creating accounting codes can be found in Exhibit 8-4.

**The Treasury
Year-End Closing**

The Treasury closing occurs on or about October 5th of each year. The FMD resolves discrepancies with the FFIS balances to the Treasury Symbols for all open years. See Figure 5-1, APHIS Funds and Treasury Symbols. When Congress, OMB, and the Treasury appropriate monies or give APHIS the authority to spend reimbursements, they do it by Treasury Symbol. After the Office of Budget and Program Analysis (OBPA) and APHIS receive the appropriation, it is allocated to the program units by appropriation code (fund type). The program units distribute their allocation by accounting codes (ten digit code). In this closing, FMD reconciles appropriation code balances to their appropriate Treasury Symbol and the Treasury Symbol fund balances on Treasury's books.

The Treasury Year-End Closing (Continued)

FFIS enables APHIS to update the general ledger with every transaction processed. During the Treasury year-end closing time, APHIS is VERY limited in making adjustments to the accounting system and cannot make any adjustments between treasury symbols at all.

Summary

Remember to do the following:

- ◆ Complete all needed adjustments promptly and as accurately as possible. This should be accomplished monthly.
- ◆ Do not include estimates where automatic adjusting entries are made by NFC. As an example, the payroll system will produce its own year-end estimate. Another example is automatic utility payments. The system will create the September accruals.
- ◆ Data enter year-end estimates within the time frame indicated on the Year-End Closing procedures issued by FMD. **REMEMBER WHEN CREATING ESTIMATES IN FFIS, A REVERSAL PERIOD IS MANDATORY.**
- ◆ Review prior year balances monthly.
- ◆ Keep backup documentation to support your data entry into FFIS.

Inquiries

Direct any questions on these procedures to FMD.